

## ISDH Annual Fiscal Report of a Nonprofit Acute Care Hospital

**Hospital: Deaconess Hospital**

Year: 2004 City: Evansville Peer Group: Large

**Statement One: Summary of Revenue and Expenses**

| <b>1. Gross Patient Service Revenue</b> |               | <b>4. Operating Expenses</b>        |               |
|---|---------------|-------------------------------------|---------------|
| Inpatient Patient Service Revenue       | \$392,489,907 | Salaries and Wages                  | \$107,411,181 |
| Outpatient Patient Service Revenue      | \$257,278,209 | Employee Benefits and Taxes         | \$28,683,216  |
| Total Gross Patient Service Revenue     | \$619,768,016 | Depreciation and Amortization       | \$16,758,597  |
| <b>2. Deductions from Revenue</b>       |               | Interest Expenses                   | \$3,480,598   |
| Contractual Allowances                  | \$317,787,302 | Bad Debt                            | \$27,074,991  |
| Other Deductions                        | \$11,546,103  | Other Expenses                      | \$103,116,245 |
| Total Deductions                        | \$329,333,405 | Total Operating Expenses            | \$286,624,828 |
| <b>3. Total Operating Revenue</b>       |               | <b>5. Net Revenue and Expenses</b>  |               |
| Net Patient Service Revenue             | \$290,434,610 | Net Operating Revenue over Expenses | \$16,261,823  |
| Other Operating Revenue                 | \$12,452,041  | Net Non-operating Gains over Losses | \$2,919,450   |
|   |               | Total Net Gain over Loss            | \$19,181,273  |

|                         |               |
|-------------------------|---------------|
| Total Operating Revenue | \$302,886,651 |
|-------------------------|---------------|

| 6. Assets and Liabilities |               |
|---------------------------|---------------|
| Total Assets              | \$460,427,433 |
| Total Liabilities         | \$205,164,344 |

| Statement Two: Contractual Allowances |                       |                        |                             |
|---------------------------------------|-----------------------|------------------------|-----------------------------|
| Revenue Source                        | Gross Patient Revenue | Contractual Allowances | Net Patient Service Revenue |
| Medicare                              | \$308,107,357         | \$203,707,434          | \$104,399,923               |
| Medicaid                              | \$50,820,221          | \$36,272,718           | \$14,547,503                |
| Other State                           | \$6,590,824           | \$4,863,718            | \$1,727,106                 |
| Local Government                      | \$0                   | \$0                    | \$0                         |
| Commercial Insurance                  | \$254,249,614         | \$72,943,432           | \$181,306,182               |
| Total                                 | \$619,768,016         | \$317,787,302          | \$301,980,714               |

| Statement Three: Unique Specialized Hospital Funds |  |                                       |  |
|--|--|---------------------------------------|--|
| Fund Category                                      | Estimated Incoming Revenue from Others | Estimated Outgoing Expenses to Others | Net Dollar Gain or Loss after Adjustment |
| Donations  | \$1,409,310                            | \$1,103,950                           | \$305,360                                |

|                    |           |             |               |
|--------------------|-----------|-------------|---------------|
| Educational        | \$9,753   | \$1,257,734 | (\$1,247,981) |
| Research           | \$0       | \$0         | \$0           |
| Bioterrorism Grant | \$169,000 | \$169,000   | \$0           |

|  |        |
|--|--------|
| <b>Number of individuals estimated by this hospital that are involved in education</b> |        |
| Number of Medical Professionals Trained In This Hospital                               | 1,391  |
| Number of Hospital Patients Educated In This Hospital                                  | 0      |
| Number of Citizens Exposed to Health Education Message                                 | 56,180 |

#### **Statement Four**

#### **Annual Summarized Community Benefit Statement on Nonprofit Hospital**

This hospital is a nonprofit organization and files an annual community benefit statement with the Department under Indiana Code 16-21-9. Each nonprofit hospital must confirm its mission statement, document the number of persons and dollars allocated under its adopted charity care policy, and describe the progress of the community to achieve specific objectives set by the hospital.

|                        |             |                         |   |
|------------------------|-------------|-------------------------|---|
| <b>County Location</b> | Vanderburgh | <b>Community Served</b> | Residents of southwest Indiana, southeastern Illinois, and western Kentucky |
|------------------------|-------------|-------------------------|---|

#### **Hospital Mission Statement**

*“Continue to provide our patients medical care in a responsible cost effective manner. Provide a positive safe environment for our employees. Provide an environment conducive to the practice of medicine for our medical staff”.*

| Unique Services        |     | Type of Initiatives    |     | Document Available |      |
|------------------------|-----|------------------------|-----|--------------------|------|
| Medical Research       | YES | Disease Detection      | YES | Community Plan     | YES  |
| Professional Education | YES | Practitioner Education | YES | Annual Statement   | YES  |
| Community Education    | YES | Clinic Support         | YES | Needs Assessment   | 1996 |

### Allocation of Dollars and Persons Served under Adopted Charity Policy

Most nonprofit hospitals adopt a charity benefit policy to serve the medically indigent. On an annual basis, the hospital will confirm the eligibility and set aside dollars to ensure low-income persons can be offered needed inpatient and outpatient hospital services.

|   | 2002          | 2003          | 2004          |
|---|---------------|---------------|---------------|
| <b>Persons served in last twelve months</b> | 2,733         | 3,719         | 6,337         |
| <b>Charity Care Allocation</b>              | (\$2,964,073) | (\$2,044,179) | (\$4,297,009) |

### Hospital Community Benefit Projects and the Projects' Net Cost

On an annual basis, all nonprofit hospitals will report on the progress that the local community has made in reducing the incidence of disease and improving the delivery of health services in the community.

| Name of Program and Description of Progress Made in Achieving Annual Objectives | Net Costs of Programs |
|---|-----------------------|
| Various Clinics   | \$481,715)            |
| Physician Coverage Rural Areas  | (\$648,887)           |
|   |                       |

|                 |               |
|-----------------|---------------|
| Family Practice | (\$1,253,894) |
| Resource Center | (\$232,417)   |
| Other Programs  | (\$168,411)   |
| Subtotal        | (\$2,785,324) |

### **Summary of Unreimbursed Costs of Charity Care, Government Funded Programs, and Community Benefits**

Based on uniform definitions of costs, each nonprofit hospital must identify the costs of serving its community that are not reimbursed by government and other third party payers.

| <b>Specialized Programs</b>  | <b>Unreimbursed Costs</b> |
|--|---------------------------|
| <b>1. Total unreimbursed costs of providing care to patients unable to pay, to patients covered under government funded programs, and for medical education, training.</b> | (\$43,688,882)            |
| <b>2. Community Health Education</b>   | (\$467,971)               |
| <b>3. Community Programs and Services</b>  | (\$2,785,324)             |
| <b>4. Other Unreimbursed Costs</b>   | (\$139,308)               |
| <b>5. Total Costs of Providing Community Benefits</b>  | (\$47,081,485)            |

### **Identification of Additional Non-Hospital Charity Costs**

In addition, some hospitals will have non-hospital organizations under its ISDH license are providing community benefits in this fiscal year.

| <b>Organization<br/>Providing<br/>Charity Care</b> | <b>Net Costs<br/>of Care</b> |
|--|------------------------------|
| None   | \$0                          |

**For further information on these initiatives, contact:**

Hospital Representative: Sam Rogers

Telephone number: 812/450-3606

Web Address Information: [www.deaconness.com](http://www.deaconness.com)

**ISDH STATISTICAL COMPARISON BETWEEN THIS HOSPITAL  
AND OTHER HOSPITALS IN ITS PEER GROUP**

| <b>PERFORMANCE<br/>INDICATOR</b> | <b>METHODOLOGY</b>                                | <b>THIS<br/>HOSPITAL'S<br/>RESULTS</b> | <b>PEER<br/>GROUP<br/>AVERAGE</b> |
|----------------------------------|---|--|-----------------------------------|
| 1. # of FTE's                    | Number of Full Time<br>Equivalents                | 2,360                                  | 2,262                             |
| 2. % of Salary                   | Salary Expenses divided by<br>Total Expenses      | 37.5%                                  | 36.7%                             |
| 3. Average Daily Census          | Patient Days divided by<br>annual days (365 days) | 220.9                                  | 251.6                             |

|  |   |               |               |
|--|---|---------------|---------------|
| 4. Average Length of Stay              | Number of Patient Days divided by the Number of Discharges                        | 5.2           | 5.1           |
| 5. Price for Medical/Surgical per stay | Total Medical/Surgical charges divided by Medical/Surgical discharges             | \$4,397       | \$3,873       |
| 6. Gross Price per Discharge           | Gross Inpatient Revenue divided by the Total Discharges                           | \$23,323      | \$19,185      |
| 7. Outpatient Revenue Percentage       | Outpatient Revenue divided by the Gross Total Revenue                             | 41.5%         | 41.1%         |
| 8. Gross Price per Visit               | Gross Outpatient Revenue divided by the Total Outpatient Visits                   | \$996         | \$1,295       |
| 9. % of Medicare                       | Medicare Revenue divided by the Gross Patient Revenue                             | 49.7%         | 40.6%         |
| 10. % of Bad Debt                      | Bad Debt Expense divided by the Gross Operating Expenses                          | 9.4%          | 4.3%          |
| 11. Charity Allocation                 | Unreimbursed costs of providing services to patients under adopted charity policy | (\$5,647,726) | (\$5,489,682) |
| 12. Net Margin                         | Excess of Revenue over Expenses divided by the Total Operating Revenue            | 5.4           | 5.9           |

Notes:

1. NR = Not Reported
2. See Statewide Results for definitions of terms.